

**Assembly Constitutional Amendment**

**No. 10**

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**Introduced by Assembly Member Feuer**

January 7, 2008

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Assembly Constitutional Amendment No. 10—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by amending Sections 1 and 4 of Article XIII A thereof, by amending Section 2 of Article XIII C thereof, and by amending Section 18 of Article XVI thereof, relating to bonded indebtedness.

LEGISLATIVE COUNSEL'S DIGEST

ACA 10, as introduced, Feuer. Bonded indebtedness: local government: transportation infrastructure.

(1) The California Constitution prohibits any ad valorem tax on real property from exceeding 1% of the full cash value of the property, subject to certain exceptions.

This measure would create an additional exception to the 1% limit on ad valorem tax on real property for a city, county, or city and county to pay for bonded indebtedness, incurred to fund specified transportation infrastructure, that is approved by 55% of the voters of the city, county, or city and county, as appropriate.

(2) Under the California Constitution, except as otherwise provided with respect to school entities, a local government may not impose, extend, or increase any special tax unless that tax is submitted to the electorate and approved by a  $\frac{2}{3}$  vote of the voters voting on the measure.

This measure would lower to 55% the voter approval threshold for a city, county, or city and county to impose, extend, or increase any special tax for the purpose of paying the principal, interest, and redemption

charges on bonded indebtedness incurred to fund specified transportation infrastructure.

(3) The California Constitution prohibits a city or county from incurring any indebtedness exceeding in one year the income and revenue provided in that year, without the assent of  $\frac{2}{3}$  of the voters and subject to other conditions.

This measure would lower to 55% the voter approval threshold for a city, county, or city and county to incur bonded indebtedness, exceeding in one year the income and revenue provided in that year, that is in the form of general obligation bonds to fund specified transportation infrastructure.

(4) This measure would also make technical, nonsubstantive changes.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: no.

State-mandated local program: no.

1     *Resolved by the Assembly, the Senate concurring,* That the  
2     Legislature of the State of California at its 2007–08 Regular  
3     Session commencing on the fourth day of December 2006,  
4     two-thirds of the membership of each house concurring, hereby  
5     proposes to the people of the State of California, that the  
6     Constitution of the State be amended as follows:

7     First—That Section 1 of Article XIII A thereof is amended to  
8     read:

9     SECTION 1. (a) The maximum amount of any ad valorem  
10    tax on real property shall not exceed ~~One 1 percent (1%)~~ of the  
11    full cash value of ~~such~~ *that* property. The ~~one 1 percent (1%)~~ tax  
12    ~~to~~ *shall* be collected by the counties and apportioned according to  
13    law to the districts within the counties.

14    (b) The limitation provided for in subdivision (a) shall not apply  
15    to ad valorem taxes or special assessments to pay the interest and  
16    redemption charges on any of the following:

17    (1) Indebtedness approved by the voters prior to July 1, 1978.

18    (2) Bonded indebtedness for the acquisition or improvement of  
19    real property approved on or after July 1, 1978, by two-thirds of  
20    the votes cast by the voters voting on the proposition.

21    (3) Bonded indebtedness incurred by a school district,  
22    community college district, or county office of education for the  
23    construction, reconstruction, rehabilitation, or replacement of  
24    school facilities, including the furnishing and equipping of school  
25    facilities, or the acquisition or lease of real property for school

1 facilities, approved by 55 percent of the voters of the district or  
2 county, as appropriate, voting on the proposition on or after the  
3 effective date of the measure adding this paragraph. This paragraph  
4 shall apply only if the proposition approved by the voters and  
5 resulting in the bonded indebtedness includes all of the following  
6 accountability requirements:

7 (A) A requirement that the proceeds from the sale of the bonds  
8 be used only for the purposes specified in Article XIII A, Section  
9 1(b)(3), and not for any other purpose, including teacher and  
10 administrator salaries and other school operating expenses.

11 (B) A list of the specific school facilities projects to be funded  
12 and certification that the school district board, community college  
13 board, or county office of education has evaluated safety, class  
14 size reduction, and information technology needs in developing  
15 that list.

16 (C) A requirement that the school district board, community  
17 college board, or county office of education conduct an annual,  
18 independent performance audit to ensure that the funds have been  
19 expended only on the specific projects listed.

20 (D) A requirement that the school district board, community  
21 college board, or county office of education conduct an annual,  
22 independent financial audit of the proceeds from the sale of the  
23 bonds until all of those proceeds have been expended for the school  
24 facilities projects.

25 *(4) Bonded indebtedness incurred by a city, county, or city and*  
26 *county to fund the construction, reconstruction, rehabilitation, or*  
27 *replacement of transportation infrastructure, approved by 55*  
28 *percent of the voters of the city, county, or city and county, as*  
29 *appropriate, voting on the proposition on or after the effective*  
30 *date of the measure adding this paragraph.*

31 (c) Notwithstanding any other provisions of law or of this  
32 Constitution, ~~a school districts district, community college districts,~~  
33 ~~and district, county-offices office of education, city, county, or city~~  
34 ~~and county may levy a 55 percent vote ad valorem tax pursuant to~~  
35 ~~subdivision (b).~~

36 Second—That Section 4 of Article XIII A thereof is amended  
37 to read:

38 SEC. 4. ~~Cities, Counties and special districts—Except as~~  
39 ~~otherwise provided by Section 2 of Article XIII C, a city, county,~~  
40 ~~or special district, by a two-thirds vote of the qualified electors of~~

1 ~~such district~~ *its voters voting on the proposition*, may impose  
2 ~~special taxes on such~~ *a special tax within that city, county, or*  
3 ~~special district~~, except an ad valorem ~~taxes~~ tax on real property  
4 or a ~~transaction~~ *transactions* tax or sales tax on the sale of real  
5 property within ~~such City, County~~ *that city, county, or special*  
6 ~~district~~.

7 Third—That Section 2 of Article XIII C thereof is amended to  
8 read:

9 SEC. 2. ~~Local Government Tax Limitation.~~ Notwithstanding  
10 any other provision of this Constitution:

11 (a) ~~All taxes~~ *A tax* imposed by any local government ~~shall be~~  
12 ~~deemed to be~~ *is* either a general ~~taxes~~ tax or a special ~~taxes~~ tax.  
13 ~~Special purpose districts~~ *A special district or agencies agency,*  
14 including ~~a school districts district~~, ~~shall have~~ *has* no power  
15 ~~authority~~ to levy a general ~~taxes~~ tax.

16 (b) ~~No~~ *A* local government ~~may~~ *shall not* impose, extend, or  
17 increase any general tax unless and until that tax is submitted to  
18 the electorate and approved by a majority vote *of its voters voting*  
19 *on the proposition*. A general tax ~~shall~~ *is* not be deemed to have  
20 been increased if it is imposed at a rate not higher than the  
21 maximum rate *for that tax that was previously* so approved. The  
22 election required by this subdivision shall be consolidated with a  
23 regularly scheduled general election for members of the governing  
24 body of the local government, except in cases of emergency  
25 declared by a unanimous vote of the governing body.

26 (c) Any general tax imposed, extended, or increased, without  
27 voter approval, by any local government on or after January 1,  
28 1995, and prior to the effective date of this article, shall continue  
29 to be imposed only if *that general tax is* approved by a majority  
30 vote of the voters voting in an election on the issue of the  
31 imposition, which election ~~shall be~~ *is* held ~~within two years of the~~  
32 ~~effective date of this article~~ *no later than November 6, 1998*, and  
33 in compliance with subdivision (b).

34 (d) ~~No~~ *(1) Except as otherwise provided in paragraph (2), a*  
35 local government ~~may~~ *shall not* impose, extend, or increase any  
36 special tax unless ~~and until~~ that tax is submitted to the electorate  
37 and approved by ~~a two-thirds vote of the voters voting on the~~  
38 ~~proposition~~. ~~A special tax shall not be deemed to have been~~  
39 ~~increased if it is imposed at a rate not higher than the maximum~~  
40 ~~rate so approved.~~

1     (2) *A city, county, or city and county shall not impose, extend,*  
2 *or increase any special tax to pay the principal, interest, and*  
3 *redemption charges on bonded indebtedness incurred to fund the*  
4 *construction, reconstruction, rehabilitation, or replacement of*  
5 *transportation infrastructure, unless that tax is submitted to the*  
6 *electorate and approved by 55 percent of the voters voting on the*  
7 *proposition.*

8     (3) *A special tax is not deemed to have been increased if it is*  
9 *imposed at a rate not higher than the maximum rate for that tax*  
10 *previously approved in the manner as required by law.*

11     Fourth—That Section 18 of Article XVI thereof is amended to  
12 read:

13     SEC. 18. (a) No county, city, town, township, board of  
14 education, or school district, shall incur any indebtedness or  
15 liability in any manner or for any purpose exceeding in any year  
16 the income and revenue provided for ~~such~~ *that* year, without the  
17 assent of two-thirds of the voters of the public entity voting at an  
18 election to be held for that purpose, except that with respect to any  
19 such public entity ~~which~~ *that* is authorized to incur indebtedness  
20 for public school purposes, any proposition for the incurrence of  
21 indebtedness in the form of general obligation bonds for the  
22 purpose of repairing, reconstructing or replacing public school  
23 buildings determined, in the manner prescribed by law, to be  
24 structurally unsafe for school use, shall be adopted upon the  
25 approval of a majority of the voters of the public entity voting on  
26 the proposition at ~~such~~ *that* election; nor unless before or at the  
27 time of incurring ~~such~~ *the* indebtedness, provision shall be made  
28 for the collection of an annual tax sufficient to pay the interest on  
29 ~~such~~ *the* indebtedness as it falls due, and to provide for a sinking  
30 fund for the payment of the principal thereof, on or before maturity,  
31 which shall not exceed forty years from the time of contracting  
32 the indebtedness.

33     (b) Notwithstanding subdivision (a), on or after the effective  
34 date of the measure adding this subdivision, in the case of any  
35 school district, community college district, or county office of  
36 education, any proposition for the incurrence of indebtedness in  
37 the form of general obligation bonds for the construction,  
38 reconstruction, rehabilitation, or replacement of school facilities,  
39 including the furnishing and equipping of school facilities, or the  
40 acquisition or lease of real property for school facilities, shall be

1 adopted upon the approval of 55 percent of the voters of the district  
2 or county, as appropriate, voting on the proposition at an election.  
3 This subdivision shall apply only to a proposition for the incurrence  
4 of indebtedness in the form of general obligation bonds for the  
5 purposes specified in this subdivision if the proposition meets all  
6 of the accountability requirements of paragraph (3) of subdivision  
7 (b) of Section 1 of Article XIII A.

8 *(c) Notwithstanding subdivision (a), on or after the effective*  
9 *date of the measure adding this subdivision, in the case of any city,*  
10 *county, or city and county, any proposition for the incurrence of*  
11 *indebtedness in the form of general obligation bonds to fund the*  
12 *construction, reconstruction, rehabilitation, or replacement of*  
13 *transportation infrastructure, shall be adopted upon the approval*  
14 *of 55 percent of the voters of the city, county, or city and county,*  
15 *as appropriate, voting on the proposition at an election.*

16 ~~(e)~~

17 *(d) When two or more propositions for incurring any*  
18 *indebtedness or liability are submitted at the same election, the*  
19 *votes cast for and against each proposition shall be counted*  
20 *separately, and when two-thirds or a majority or 55 percent of the*  
21 *voters, as the case may be, voting on any one of those propositions,*  
22 *vote in favor thereof, the proposition shall be deemed adopted.*